REMARKS

In the Office Action mailed January 15, 2002, claims 1-38 were rejected:

1. Claims 1-3, 20-23, 26, 34 and 35 were rejected under 35 U.S.C. § 102(e) in view of Downing (U.S. Patent 5,963,647);
2. Claims 1-3, 5, 6, 8, 11, 25, 26, 27 and 34-38 were rejected under 35 U.S.C. 102(b) in view of Doggett (U.S. Patent 5,677,955);
3. Claims 4, 9, 10, 24 and 28 were rejected under 35 U.S.C. 103(a) in view of Doggett;
4. Claim 7 was rejected under 35 U.S.C. 103(a) in view of Doggett and Remington (U.S. Patent 6,070,150);
5. Claims 12-19 and 30-33 were rejected under 35 U.S.C. 103(a) in view of Doggett and Nikander (U.S. Patent 6,029,151); and
6. Claims 20-23 were rejected under 35 U.S.C. 103(a) in view of Doggett and Downing.

In response to these rejections the Amendments indicated in the attached Appendix and the following Remarks are offered. Claims 39-44 have been added. Re-examination of the existing claims is requested.

I. Oath/Declaration

A substitute Combined Declaration/Power of Attorney, signed and dated by Mr. Levchin, is enclosed.

II. Priority

The application has been amended to include a specific reference to the prior provisional applications.

III. Drawings

Figure 2 has been amended to re-number one of the states marked as 210 as state 212. Clean and marked-up versions of substitute Figure 2 are enclosed with a letter to the Official Draftsperson.

IV. Abstract

The abstract has been amended.

V. Downing (U.S. Patent No. 5,963,647)

The invention disclosed in Downing is described as providing a system and method for "support[ing] funds transfers from a source account to a cash access file for cardless withdrawal" (column 3, lines 44-45). The goal of the Downing system is to provide cash to designated recipients (column 3, line 64; column 10, lines 57-60). Therefore, there are significant differences between Downing and claimed embodiments of Applicant's invention.

1. The Sender and Recipient Must Communicate in Downing

> Once the transfer is requested and approved in this manner, the sender must then contact the transfer recipient (for example, by telephone) and provide the following information: the secret code ...; the amount of the transfer; the transfer confirmation reference number .... (column 7, lines 5-17)

In Downing, the sender of the transferred funds must provide to the recipient a codeword selected by the sender, and a transaction code provided by the system, before the recipient can access the funds (column 3, lines 59-63). Thus, the recipient is notified of the transfer *by the sender*. There is no provision in Downing for any other entity (e.g., the fund transfer system) to notify the recipient and provide the information necessary to retrieve his/her cash.

Also, as recognized by the Examiner, Downing does not teach or suggest the use of an electronic mail address to identify the recipient. Downing clearly states that the recipient's *name* is required (e.g., column 6, line 21 *et seq.*; column 7, line 29 *et seq.*; column 8, line 57 *et seq.*)

2. Downing Does Not Register or Establish an Account for a User

The Downing system is configured to provide a recipient with *cash* withdrawn from a sender's account (column 3, lines 54-58; column 12, line 16 *et seq.*). Because the recipient is expected to withdraw all of the cash, the Downing system need not, and does not, provide a mechanism for registering the recipient with an account in the system. Downing specifically states that the system provides cash to *non*-customers (column 3, line 58; column 12, lines 58-60), thus making it clear that a recipient is not expected or forced to register (or receive an

account) to receive his/her cash. Indeed, the goal of Downing is to provide a cash access *file*, not an account (column 3, lines 44-45; column 3, lines 55-56)

3. Downing Does Not Provide for Multiple Forms of Value

As described above, Downing only allows a recipient to receive one form of value – cash. Although Downing may provide that cash in different currencies, different forms of value are not contemplated. And, the currency in which the recipient's cash is provided depends upon the recipient's *location* (column 6, line 28 *et seq.*; column 11, lines 16, *et seq.*).

V. Doggett (U.S. Patent No. 5,677,955)

The invention disclosed in Doggett is described as providing a method of creating an electronic instrument for effecting a transfer of funds from a payer's account to a payee (column 3, lines 2-5). As one of several security mechanisms, the created instrument includes the payer's digital signature (column 3, lines 5-11; column 7, lines 14-20). Therefore, there are significant differences between Doggett and claimed embodiments of Applicant's invention.

1. A Payer Notifies a Payee of a Transfer

The method of transferring funds described in Doggett provides for the transfer of an electronic check directly from a payer to the payee (column 7, lines 49-64). Only after the payee endorses the electronic check does it go to a third party (column 8, lines 4-18). In other words, like Downing, the system of Doggett does not and need not notify the payee of the transaction, because the payee is notified by receipt of the electronic check. The paragraph cited by the Examiner as anticipating Applicant's use of the value exchange system to notify a user of a transaction (i.e., column 7, line 65 et seq) merely describes how the payee processes an electronic check. The "notification" passing between the payee and a third party is an inherent notification of a banking institution, by the payee. Doggett thus operates in a manner opposite to Applicant's claimed method of notification, in which the system provides notification to a user.

2. Doggett Cannot Identify a Value Recipient by Electronic Mail Address

Because the value transfer method of Doggett employs an electronic check that mimics a paper check (column 7, lines 11-20), the payer must use the payee's *name* to identify him or her

(column 10, line 5 *et seq.*; column 7, line 52). An electronic check may include the *payer's* electronic mail address, but merely for the purpose of enabling the payee to acknowledge receipt of the electronic check (column 10, lines 13-17).

Doggett emphasizes the security features of the disclosed method of transferring funds using an electronic check. In particular, Doggett requires digital signatures for signing or endorsing a check, and digital certificates for authenticating various entities (column 7, lines 14-20; column 10, lines 41-57; column 10, line 58 to column 11, line 14; column 11, lines 15-33). Just as the electronic check is made out in a payee's name, an entity's digital certification is described as including the *name* of the entity (column 11, line 10). Thus, the security of a fund transfer in Doggett relies upon proper identification of a party, by name.

As indicated in sections cited by the Examiner, Doggett may provide for the delivery of an electronic check by electronic mail (column 9, line 43; column 12, lines 33-36). However, Doggett does not contemplate the use of an electronic mail address to identify the payee for purposes of payment, in an electronic check or other transfer, and does not teach or suggest the use of a party's electronic mail in an actual transfer, as provided in claims of the present application.

3. Doggett's System Does Not Receive a Transaction from the Payer

In the method described in Doggett, an electronic check is created by the payer and sent to the payee (column 7, line 49 *et seq.*). As mentioned above (section V.1), *after* receipt and endorsement by the payee, a financial institution or other third party may be notified (column 8, lines 15-18). Thus, it is the *payee*, not the *payer* that submits a funds transfer instrument for settlement. This is counter to, and teaches away from, claimed methods of Applicant's operation.

4. Doggett Does Not Register or Establish an Account for a Payer

Like Downing, Doggett does not teach or suggest the establishment of an account for the payer. The method of value transfer taught by Doggett involves the generation and dissemination of an electronic check, by a payer, without any action required on the part of the payer's financial institution until after the payee receives the transfer instrument. In a section cited by the Examiner (column 4, line 37 et seq), Doggett describes the assignment of digital

account numbers to *account holders*, for creating electronic instruments. Thus, payers must already be account holders before they can use the Doggett method. Interacting with a registered account holder is fundamentally different from registering someone in order to provide a service.

5. Doggett Does Not Register or Establish an Account for a Payee

The Doggett method also does not teach the registration of a payee. In the section cited by the Examiner (column 12, line 53 et seq), a payee endorses an electronic check and assigns a sequential transaction number. This number may be used to reconcile checks reported in a bank statement. Thus, again, Doggett requires a user to already have an account with a financial institution.

In short, Doggett does not provide a method in which a party to a fund transfer can be registered *in conjunction with receipt of the transfer*. Nor does Doggett provide a system configured to perform such registration.

VII. Selected Claims

1. Claims 1-25

As described above, in sections V and VI, Downing and Doggett fail to teach several aspects of Applicant's invention. Claim 1 has been amended to highlight some of the distinctions between Applicant's invention, as already reflected in claim 1, and the systems of Downing and Doggett.

(a) *Communication Between Parties*

Downing and/or Doggett require direct contact between the sender and the recipient of a fund transfer. Downing's sender must contact the recipient to inform the recipient of a secret code and enable a transfer. Doggett requires a payer to send a transfer instrument directly to a payee.

Claim 1 has been amended to emphasize that the users involved in the claimed method of facilitating a value exchange do not require direct communication with each other.

(b) *Notification of a Value Transfer*

As described in the previous sections, in both Downing and Doggett a recipient/payee receives notification of a transfer directly from the sender/payer, and the notification is simultaneous with the transfer.

In the embodiment of Applicant's invention addressed in claim 1, the *value exchange system* notifies the second user of the transfer transaction. Doggett and Downing thus both require direct communication between a value sender (or payer) and a value recipient (or payee), and require notification of the transaction by the initiator. Doggett and Downing thus teach away from Applicant's invention as reflected in claim 1.

(c) *Registration; Establishment of Account(s)*

Neither Downing nor Doggett requires a recipient (or payee) of a fund transfer to register or establish an account in order to receive his/her cash. In Downing, the recipient receives cash and establishing an account would thus be a meaningless exercise; in Doggett, the payee must already be an account holder or the system could not operate.

Claim 1 addresses the transfer of funds between user accounts in the value exchange system. In the claimed embodiment, the first user may receive an account at the time he or she registers, or earlier, and the transferred value is allocated between the first user's account and an account associated with the second user. The second user's account may be established when the second user responds to the value transfer notification from the system, or at some other time.

2. Claims 26-29

Claim 26 further provides for "registering the second user with the distributed transaction system." This is directly contrary to Downing, wherein a value recipient does not, and is not expected to, register with the system.

Claim 26 has been amended to highlight the use of the distributed transaction system to notify the second user of a transaction. As described above, Downing and Doggett teach away from this novel aspect of the embodiment of Applicant's invention.

3. Claims 30-33

Claim 30 recites the registration of a first user, receiving a financial exchange request from the first user at the financial services system, and sending notification of the request to a second user from the system. As described above, Doggett neither teaches nor suggests any of these actions.

Doggett requires a payer (and, for that matter, a payee) to already have financial accounts established. Doggett specifies that a financial instrument (an electronic check) does not come to the attention of a financial institution until *after* it is received and endorsed by the payee. And, Doggett need not, and does not, notify the payee of the transaction, because the payee knows of it before the financial institution. Nikander does not teach or suggest this subject matter.

4. Claims 34-38

Claim 34 is directed to a value exchange system configured to facilitate the exchange of value between users. As amended, the value exchange system of claim 34 identifies the second party to a transaction using an electronic mail address. And, the system notifies the second party of the transaction.

As described above, in both Downing and Doggett, a recipient/payee of a transaction is identified by name, not by electronic mail address, and is notified of the transaction by the sender/payer.

Claim 38 has been cancelled without prejudice.

5. New Claims 39-44

New claims 39-41 correspond to the methods of claims 1, 26 and 30 respectively. New claim 42 corresponds to a system for performing a method of Applicant's invention. New claims 43-44 reflect methods of transferring value, according to two embodiments of the invention.

CONCLUSION

No new matter has been added with the preceding amendments. It is submitted that the Examiner's rejections have been traversed and the present application is in suitable condition for allowance. Such action is respectfully requested. If prosecution of this application may be

facilitated through a telephone interview, the Examiner is invited to contact Applicant's attorney identified below.

Respectfully submitted,

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APPENDIX A

VERSION WITH MARKINGS TO SHOW CHANGES MADE

In the specification:

Please insert the following paragraph on page 1, before line 10:

This application claims the benefit of U.S. Provisional Patent Applications 60/131,985 (filed April 30, 1999), 60/144,633 (filed July 19, 1999) and 60/172,311 (filed December 17, 1999).

In the claims:

1. (Once Amended) A method of facilitating a value exchange between multiple users in a distributed value exchange system without requiring direct communication between the users, the method comprising:

(a) registering a first user with the value exchange system, wherein the first user is assigned a first account with the value exchange system;

(b) receiving at the value exchange system a value exchange transaction from the first user, wherein said transaction involves a second user and includes:

(i) a pre-existing identifier of the second user, wherein the pre-existing identifier enables communication with the second user independent of the value exchange system; and

(ii) a value to be exchanged between the first user and the second user;

(c) sending a notification [notifying the second user] of said value exchange transaction from the value exchange system to the second user; and

(d) allocating said value between [the first user] said first account and a second account associated with [and] the second user.

2. (Unchanged) The method of claim 1, further comprising:

(c') registering the second user with the value exchange system if not already registered.

3. (Unchanged) The method of claim 1, wherein said value to be exchanged between the first user and the second user is to be transferred from the first user to the second user.

4. (Unchanged) The method of claim 1, wherein said value to be exchanged between the first user and the second user is to be transferred from the second user to the first user.

5. (Unchanged) The method of claim 3, wherein said value to be exchanged between the first user and the second user is receivable by the second user as a redeemable voucher.

6. (Unchanged) The method of claim 5, wherein said redeemable voucher is redeemable by the second user by selecting an electronic link provided to the second user.

7. (Unchanged) The method of claim 5, wherein the redeemable voucher includes an electronic advertisement.

8. (Unchanged) The method of claim 3, wherein said value to be exchanged between the first user and the second user is receivable by the second user through a debit card.

9. (Unchanged) The method of claim 3, wherein said value to be exchanged between the first user and the second user is receivable by the second user in the form of a web certificate, and wherein the method further comprises:

transferring said value to be exchanged between the first user and the second user from the second user to a third user.

10. (Unchanged) The method of claim 1, wherein said pre-existing identifier is a telephone number.

11. (Unchanged) The method of claim 1, wherein said pre-existing identifier is an electronic mail address.

12. (Unchanged) The method of claim 1, wherein said receiving a value exchange transaction comprises:

initiating a value exchange involving a second user on a mobile client device of said first user;

establishing a connection between the first user and the value exchange system; and

transmitting said value exchange to the system.

13. (Unchanged) The method of claim 12, wherein said initiating a value exchange transaction comprises establishing a communication link between the first user's mobile computing device and a second user's mobile client device.

14. (Unchanged) The method of claim 1, wherein said value exchange transaction is received from the first user through a mobile communication device.

15. (Unchanged) The method of claim 14, wherein the mobile communication device is a personal digital assistant.

16. (Unchanged) The method of claim 14, wherein the mobile communication device is a telephone.

17. (Unchanged) The method of claim 14, wherein the mobile communication device is a two-way pager.

18. (Unchanged) The method of claim 14, wherein said value exchange transaction is received from the mobile communication device through a wireless network.

19. (Unchanged) The method of claim 14, wherein the mobile communication device is a disconnectable device.

20. (Unchanged) The method of claim 1, further comprising converting said value to be exchanged between the first user and the second user from a first form to a second form.

21. (Unchanged) The method of claim 20, wherein said first form is a first currency and said second form is a second currency.

22. (Unchanged) The method of claim 1, wherein the form of said value to be exchanged between the first user and the second user depends on the pre-existing identifier.

23. (Unchanged) The method of claim 1, further comprising holding said value to be exchanged between the first user and the second user in escrow with an escrow party until said value exchange transaction is completed.

24. (Unchanged) The method of claim 1, further comprising repeating (b), (c) and (d) for a second value exchange transaction between the second user and a third user.

25. (Unchanged) The method of claim 1, wherein an asymmetric cryptographic scheme is applied to secure said value exchange transaction.

26. (Once Amended) A method of facilitating an exchange of value between multiple users through a distributed transaction system, comprising:

(a) receiving an instruction from a first user to exchange a value with a second user, wherein the first user is a registered user of the distributed transaction system and the instruction includes:

(i) an identifier of a second user not registered with the distributed transaction system, wherein said identifier is usable to identify the second user independently of the distributed transaction system; and

(ii) the value to be exchanged between the first user and the second user;

(b) notifying the second user of said value exchange by the distributed transaction system;

(c) registering the second user with the distributed transaction system; and

(d) transferring said value between the first user and the second user.

27. (Unchanged) The method of claim 26, wherein said identifier is an electronic mail address.

28. (Unchanged) The method of claim 26, wherein said identifier is a telephone number.

29. (Unchanged) The method of claim 26, wherein said instruction is received through a mobile communication device operated by the first user.

30. (Once Amended) A method of facilitating a financial transaction between a first user and a second user through a distributed financial services system, the method comprising:

(a) registering a first user with the distributed financial services system;

(b) receiving at the distributed financial services system a financial exchange request from a mobile communication device operated by the first user, wherein said financial transaction request includes:

(i) a pre-existing identifier of a second user participating in said financial exchange, wherein said pre-existing identifier is configured to identify the second user for a purpose other than conducting a financial exchange with the financial services system; and

(ii) an amount of the financial exchange;

(c) sending a notification [notifying the second user] of said financial exchange request from the distributed financial service system to the second user; and

(d) allocating said amount of said financial exchange between the first user and the second user.

31. (Unchanged) The method of claim 30, wherein said pre-existing identifier is an electronic mail address.

32. (Unchanged) The method of claim 30, wherein said pre-existing identifier is a telephone number.

33. (Unchanged) The method of claim 30, further comprising:

(c') registering the second user with the distributed financial services system before allocating said amount of said financial exchange.

34. (Once Amended) A value exchange system for exchanging value between multiple users, comprising:

a database configured to store information concerning registered users of the value exchange system and details of transactions conducted by the registered users;

a synchronization server configured to receive a first value exchange transaction from a client device operated by a first party, wherein said first value exchange transaction involves a second party identified by the first party with an electronic mail address [identifier that is capable of identifying the second party independently of the value exchange system]; and

a communication server configured to:

notify the second party of said first value exchange transaction using said electronic mail address; and

receive a connection from the second party [user] and register the second party if not already registered.

35. (Unchanged) The system of claim 34, further comprising a financial

server configured to interact with a financial institution to access value to facilitate said first value exchange transaction.

36. (Unchanged) The system of claim 34, further comprising a security server configured to generate a digital identity certificate that may be used to authenticate the first party.

37. (Unchanged) The system of claim 36, wherein said security server is further configured to authenticate a digital transaction certificate that may be used to authenticate said value exchange transaction.

38. CANCEL

Please ADD the following new claims:

39. (New) A computer readable storage medium storing instructions that, when executed by a computer, cause the computer to perform a method of facilitating a value exchange between multiple users in a distributed value exchange system without requiring direct communication between the users, the method comprising:

(a) registering a first user with the value exchange system, wherein the first user is assigned a first account with the value exchange system;

(b) receiving at the value exchange system a value exchange transaction from the first user, wherein said transaction involves a second user and includes:

(i) a pre-existing identifier of the second user, wherein the pre-existing identifier enables communication with the second user independent of the value exchange system; and

(ii) a value to be exchanged between the first user and the second user;

(c) sending a notification of said value exchange transaction from the value exchange system to the second user; and

(d) allocating said value between said first account and a second account associated with the second user.

40. (New) A computer readable storage medium storing instructions that, when executed by a computer, cause the computer to a method of facilitating an exchange of value between multiple users through a distributed transaction system, the method comprising:

(a) receiving an instruction from a first user to exchange a value with a second user, wherein the first user is a registered user of the distributed transaction system and the instruction includes:

(i) an identifier of a second user not registered with the distributed transaction system, wherein said identifier is usable to identify the second user independently of the distributed transaction system; and

(ii) the value to be exchanged between the first user and the second user;

(b) notifying the second user of said value exchange by the distributed transaction system;

(c) registering the second user with the distributed transaction system; and

(d) transferring said value between the first user and the second user.

41. (New) A computer readable storage medium storing instructions that, when executed by a computer, cause the computer to a method of facilitating a financial transaction between a first user and a second user through a distributed financial services system, the method comprising:

(a) registering a first user with the distributed financial services system;

(b) receiving at the distributed financial services system a financial exchange request from a mobile communication device operated by the first user, wherein said financial transaction request includes:

(i) a pre-existing identifier of a second user participating in said financial exchange, wherein said pre-existing identifier is configured to identify the second user for a purpose other than conducting a financial exchange with the financial services system; and

(ii) an amount of the financial exchange;

(c) sending a notification of said financial exchange request from the distributed financial service system to the second user; and

(d) allocating said amount of said financial exchange between the first user and the second user.

42. (New) A system for facilitating the transfer of value from one user to another user, comprising:

means for receiving a value transfer request from a value provider, wherein said value transfer request comprises:

an electronic mail address of a value receiver; and

a first value to be transferred from the value provider to the value receiver;

means for transferring said first value from a first account associated with the value provider to a second account associated with the value receiver; and

means for notifying the value receiver of said value transfer;

wherein the value receiver is identifiable, for purposes of said value transfer, only by said electronic mail address.

43. (New) A method of transferring value, comprising:

receiving a connection from a registered user of a value transfer system;

receiving from the registered user a request to execute a transfer to an unregistered party, wherein the unregistered party is identified only by an electronic mail address, the request comprising:

said electronic mail address of the unregistered party; and

a first value to be transferred to the unregistered party; and

sending notification of said transfer from said value transfer system to the unregistered party via electronic mail.

44. (New) A method of transferring value, comprising:

receiving a connection from a first user of a value transfer system;

receiving from the first user a request to execute a value transfer to a second user, the request comprising:

an electronic mail address of the second user; and

a first value to be transferred to the second user; and

sending a notification of said value transfer from said value transfer system to the second user via electronic mail;

wherein said electronic mail address is sufficient for said value transfer system to transfer said first value an account of the first user to an account associated with the second user.

In the abstract:

Please replace the abstract with the following:

A system and method for facilitating a value exchange transaction. A first party initiates the transaction by selecting or providing an identifier of another party and the value to be exchanged. The second party may be identified by a pre-existing identifier such as an electronic mail address, telephone number, etc. The system informs the second party of the transaction (e.g., using the specified pre-existing identifier). If the second party is not a registered user of the system, he or she is invited to register and complete the transaction. The system may comprise a synchronization server for exchanging transaction details with users' devices, a communication server for registering new users and/or conducting transactions online and a financial server for interacting with external financial institutions.